

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

January 11, 2008

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

PSF No.: 07HD-174

HAWAII

**Termination of Revocable Permit No. S-7164 to HKK, LLC.; Issuance of
Revocable Permit to IWF KKH, LLC., Lanihau 1st, North Kona, Hawaii,
Tax Map Key: 3rd/ 7-5-06:22**

APPLICANT:

IWF KKH, LLC., a Hawaii limited liability company, whose business and mailing
address is 1933 Cliff Drive, Suite 1, Santa Barbara, CA 93109.

LEGAL REFERENCE:

Sections 171-13 and -55, Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands situated at Lanihau 1st, North Kona, Hawaii, identified by
Tax Map Key: 3rd/ 7-5-06:22, as shown on the attached map labeled Exhibit A.

AREA:

.310 acres (13,503.60 s.f.), more or less.

ZONING:

State Land Use District:	Urban
County of Hawaii CZO:	Open

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: NO

CURRENT USE STATUS:

Encumbered by Revocable Permit No. S-7164, HKK, LLC., Lessee, for beach concession and landscaping purposes.

CHARACTER OF USE:

Beach concession and landscaping purposes.

COMMENCEMENT DATE:

The first day of the month to be determined by the Chairperson.

MONTHLY RENTAL:

To be determined by staff appraiser, subject to review and approval by the Chairperson.

COLLATERAL SECURITY DEPOSIT:

Twice the monthly rental.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

In accordance with the "Division of Land Management's Environmental Impact Statement Exemption List", approved by the Environmental Council and dated April 28, 1986, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1 that states, "Operations, repairs, or maintenance of existing structures, facilities, equipment, or topographical features, involving negligible or no expansion of change of use beyond that previously existing."

DCCA VERIFICATION:

Place of business registration confirmed:	YES
Registered business name confirmed:	YES
Applicant in good standing confirmed:	YES

REMARKS:

The subject parcel, located seaward of the King Kamehameha's Kona Beach Hotel, and adjacent to the Kailua Pier, has historically been used by the various canoe clubs since the early 1970s, for storing their canoes.

Upon completed construction of the King Kamehameha Hotel in 1975, Revocable Permit (RP) No. S-3088 was issued to Amfac for landscaping and beach concession purposes. The hotel permitted the canoe clubs to continue its use of the area to store their canoes.

At its meeting of March 22, 1991, Item F-1-e, the Land Board cancelled Amfac's Revocable Permit No. S-3088 and issued a new Revocable Permit (S-6754) to HKK, Inc. covering the same premises, for the same use.

The proposed use is allowable under the county zoning, which is Open.

IWF KKH, LLC, has not had a lease, permit, easement or other disposition of State lands terminated within the last five years due to non-compliance with such terms and conditions.

There were no other applicants requesting the same parcel. In considering the location of the State parcel in relation to the hotel, staff is of the belief that it is most logical to have the owners of the hotel to manage and maintain the subject area for its proposed uses.

Staff believes a month-to-month tenancy is more appropriate than a long-termed disposition. It is our understanding, that should the Division of Boating and Ocean Recreation require the subject area for future expansion of the Kailua Pier, the revocable permit could be terminated with only a 30 days notice, and with no compensation to Permittee.

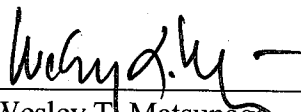
Various governmental agencies were solicited for comments.

AGENCIES	COMMENTS
County of Hawaii	
Fire Department	No response
Parks & Recreation	No comments
Planning	No objections
Police Department	No objections
Public Works	No response
Water Supply	No response
State of Hawaii	
DLNR-Aquatic Resources	No response
DLNR-Boating and Ocean Recreation	No response
DLNR-Conservation & Resource Enforcement	No response
DLNR-Na Ala Hele	No objections
DLNR-State Parks	No objections
Other Agencies/ Interest Groups:	
Office of Hawaiian Affairs	No response

RECOMMENDATION: That the Board:

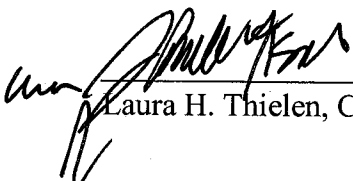
1. Declare that, after considering the potential effects of the proposed disposition as provided by Chapter 343, HRS, and Chapter 11-200, HAR, this proposal will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment.
2. Authorize the termination of Revocable Permit No. S-7164, effective on a date to be determined later.
3. Authorize the issuance of a revocable permit to IWF KKH, LLC., covering the subject area for beach concession and landscaping purposes under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
 - a. The standard terms and conditions of the most current revocable permit form, as may be amended from time to time;
 - b. IWF KKH, LLC., may, at its discretion, allow the various canoe clubs to continue utilizing a portion of the permit area for canoe storage purposes;
 - c. IWF KKH, LLC., shall not preclude free public use and enjoyment of the premises;
 - b. Review and approval by the Department of the Attorney General; and
 - c. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,



Wesley T. Matsunaga
Land Agent

APPROVED FOR SUBMITTAL:



Laura H. Thielen, Chairperson

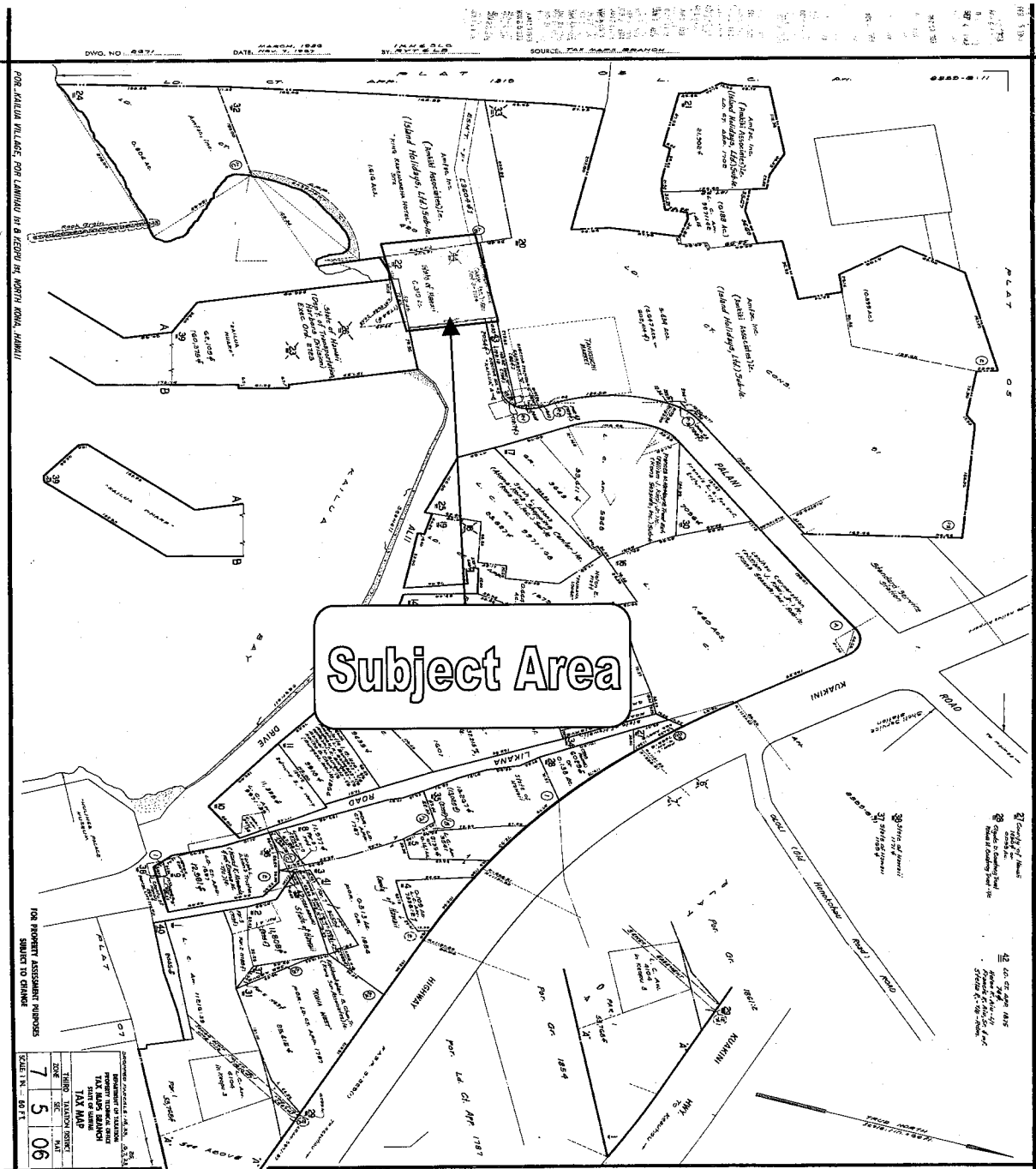


EXHIBIT A